



Date: September 10, 2018

To: Patrick H. West, City Manager *PHW*

From: Linda F. Tatum, Director of Development Services *LT*

For: Mayor and Members of the City Council

Subject: **Short-Term Rental Ordinance Update**

City staff continues to collect and study data on Short-Term Rentals (STR) in Long Beach and other cities as directed by City Council in March 2017. The following events and studies have been completed and contributed to the development of three options for an STR ordinance. These options are being analyzed for further consideration.

Community Outreach and Engagement Activities

The following community outreach and engagement activities provided substantive feedback and data:

- Stakeholder Interviews – In April, individual and small group stakeholder interviews of residents, property owners, neighborhood groups, and other community members were completed. The diverse list of interviewees was assembled from contact information provided by City Council offices. These interviews provided candid insight into the viewpoints and concerns of 42 local stakeholders.
- Community Kick-off Workshop – In May, a community kick-off workshop was held. Approximately 250 people attended, of which 63 provided testimony on their position on STRs and 80 submitted comment cards.
- Online Survey – In June, the City released an online survey to collect broader feedback on the community's perspective on STRs. A robust response of nearly 600 participants revealed that the majority were supportive of STRs with regulations.
- Community Roundtable Workshop – In July, a community roundtable workshop was held, providing an opportunity for participants to have group discussions with the project team and City staff. Following the presentation, attendees were given a scorecard asking for their position on possible STR regulations organized by six key issue topics and were encouraged to visit various interactive stations to ask questions or share ideas and concerns with staff. Approximately 140 people attended. The feedback provided was used to narrow down the pool of potential regulations and shape the three STR options.

Recommendations and Considerations

As part of the analysis to explore various approaches to STR regulations, staff also examined challenges and successes experienced by the cities of San Francisco, Sacramento, Santa Monica, and Newport Beach.

Based on the community outreach and research conducted so far, the project team has developed three STR ordinance options for further analysis and consideration. The first option provides the lowest level of regulation, but would require STRs to register with the City and enable the City to collect transient occupancy tax (TOT). The second option includes additional regulations to address community concerns such as limiting the number of STRs per host and establishing maximum occupancy per STR. The third option provides a mechanism for a defined area to “opt-out,” which would prohibit un-hosted STRs within defined boundaries. The three options are summarized in the below table.

	Option 1	Option 2	Option 3
Overview	STR registration with the City and a local 24-hr contact required. STRs prohibited in income-restricted units and student housing. 24-hr hotline provided to resolve issues and create a record of complaints.	Option 1 plus: Residents may have 2 STRs, or 3 if one is a primary residence. The number of non-primary residence STRs in multi-family buildings limited to 25% of total units or up to 6 STRs (whichever is less), with one non-primary residence STR allowed in 2- or 3-unit buildings.	Option 1 & 2 (except where conflicts) plus: Un-hosted STRs may be prohibited within a designated area through a petition and simple majority vote of the residents within the area.
Hosted Limit	No limit	No limit	No limit
Un-hosted Limit	No limit	90 nights of un-hosted guest stays in a primary residence STR. No limit for STRs that are not a primary residence.	Option 2; however, un-hosted guest stays can be prohibited by a vote of area residents.
Host Requirements	Hosts must provide guests with rules (noise, parking, etc.) prior to guest’s stay. Hosts must post City requirements on-site.	Option 1 plus: Resident must have lived in the primary residence for ≥ 60 days before STR registration is approved.	Same as Option 1 & 2
Noise & Parties	Existing City Noise Ordinance applies, including “loud noises prohibited”.	Option 1 plus: Large-scale events prohibited. Quiet hours of 10:00 p.m. to 7:00 a.m., including use of outdoor pools and hot tubs.	Same as Option 1 & 2
Safety & Liability	Map of fire extinguishers and escape routes required on-site. Property liability insurance of ≥ \$1,000,000 required.	Option 1 plus: Occupants limited to two people per bedroom plus two with a maximum of 10 total people. Exterior signage prohibited.	Same as Option 1 & 2
Enforcement	City registration number must be included in all advertisements/listings. Owner or HOA must verify that STR use is allowed in the unit. Online platforms have the same duties and liabilities as the owner/host to comply with City requirements and remit taxes.		

	Option 1	Option 2	Option 3
Fines & Penalties	Fines (within a 12-month period): 1 st violation - \$500; 2 nd violation - \$1,000; 3 rd violation - City registration revoked. Registration will not be renewed for 12 months after revocation. Delinquent TOT and business license tax penalties apply.		
STR Registration Fee	TBD	TBD	TBD
Transient Occupancy Tax (TOT)	12%		
Business License Tax	TBD		

Next Steps

An economic feasibility assessment for each option is currently under way. The revenue assessment will include estimates on the amount of revenue anticipated from TOT, fees, fines, etc., as well as the potential use of those funds. The cost assessment will include employee costs for implementation, administration, and enforcement.

A public review workshop is scheduled for October 10, 2018. The three STR ordinance options will be presented, followed by a discussion of the pros and cons of each. Based on community feedback, these options will be further refined and incorporated into a staff-recommended STR ordinance that will be presented to the City Council in November 2018. Based on the direction of the City Council, a draft ordinance will then be prepared and presented for adoption.

If you have questions regarding this matter, please contact Lisa Fall, Manager of Administrative and Financial Services, at (562) 570-6853 or Lisa.Fall@longbeach.gov.

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